

M e m o r a n d u m**385.0740**

To: Mr. Donald J. Hennessy

May 11, 1988

From: John Abbott
Legal

Subject: Proposed Annotations – newspaper publisher’s weekly shopper

I have attached a draft of two proposed annotations on the weekly shopper issue, incorporating Gary Jugum’s suggestions and your suggestions.

JA:jb

cc: Mr. Gary J. Jugum
Mr. Glenn A. Bystrom

5/11/88

Advertising inserts in taxable shopper and exempt newspaper.

A newspaper publishes prints both a tax-exempt daily newspaper sold to subscribers, and a taxable weekly shopper distributed free only to non-subscribers. Where another printer prints advertising inserts for an advertiser and at the direction fo the advertiser, transfers the inserts to the newspaper publisher to be included in the weekly shopper, tax applies to that printer’s charges to the advertiser. Likewise, the newspaper publisher is liable for tax on its printing charges if the publisher transfers advertising inserts to a second publisher to be included in the second publisher’s taxable weekly shopper. Where copies of the same advertising inserts become component parts of the daily newspaper, the printer may regard those copies as exempt if it obtains documentation regarding the proportion of copies included in the exempt newspaper to the copies included in the taxable weekly shopper.

JGA